

## Questions for the California Energy Commission Consultation Meeting on Guidance to the California Climate Action Registry

Individuals with responses to any or all of these questions are encouraged to provide them by December 7, 2001 to:

[climatechange@energy.state.ca.us](mailto:climatechange@energy.state.ca.us)

or

California Energy Commission  
Attn: Jeff Wilson  
1516 Ninth Street, MS 41  
Sacramento, CA 95814-5512

### **Geographical boundaries**

A Registry participant must register its emissions inventory on an entity wide basis within California and is encouraged to register its entire U.S. GHG inventory.

How do you think boundaries should be recognized outside California? By project, state, or country?

Do you believe emissions for mobile sources (cars, truck, ships, trains, airplanes, etc.) owned/controlled by California-based entities count as out-of-state emissions when they move outside the state? What is a practical, measurable way to address this issue?

### **Organizational boundaries**

In cases of joint ownership, emissions are reported by the managing entity, unless the owners decide to report emissions on a pro rata basis.

The basic unit of participation in the registry shall be an entity in its entirety such as a corporation or other legally constituted body, any city or county, and each state government agency. The Registry shall not record emission baselines and reductions for individual facilities or projects, except to the extent the facilities or projects are included in an entity's emissions reporting.

How will the concept of "management entity" be defined?

### **Operational boundaries: Direct/indirect emissions**

Participants shall report direct emissions and indirect emissions separately. Direct emissions are those emissions from applicable sources that are under management control of a participating entity, and include:

- On-site combustion,
- fugitive non-combustion emissions,
- vehicles owned and operated by the participant.

Indirect emissions required to be reported are as follows:

- net electricity and steam imports,
- off-site steam generation, and
- district heating and cooling.

What guidance do you believe the Registry should provide on reporting indirect emissions other than imported electricity?

Do you believe that relevant indirect emissions should be specified on a sector by sector basis or should participants be asked to self-determine relevant indirect sources of GHGs?

### **Materiality**

All participants shall report direct and indirect carbon dioxide emissions that are material to their operations. After three years they must include reporting of : (A) Hydrofluorocarbons (B) Methane (C) Nitrous Oxide (D) Perfluorocarbons (E) Sulfur hexafluoride.

Participants shall not be required to report emissions of any greenhouse gas that is *de minimis*, as defined, in quantity, when summed across all applicable sources of the participating entity.

How do you think a materiality threshold should be set? Tons? Percent?

How do think materiality should be determined? Do you believe that everything has to be measured in the baseline year, but, once established, can be assumed ever afterwards to be immaterial or should that determination be periodically updated?

How do you believe we can minimize the cost of certifying *de minimus* reporting?

### **Baselines**

Participants that have complete energy use or fuel consumption data for earlier years that can be certified may establish their baseline as any year beginning on or after January 1, 1990. After establishing baseline emissions, participants shall report their certified emissions results yearly. Participants shall also report using industry-specific metrics once the Registry adopts an industry-specific metric for the industry in question.

Do you believe that there are generally accepted industry-specific metrics that the Registry could adopt?

Do you believe that ratio indicators are helpful (e.g. help show efficiency of production relative to GHG emissions? Or will they create confidentiality concerns; e.g., giving public information on emissions/barrel of crude oil)?

To ensure that reported emissions reflect actual emissions, participants that outsource production or services shall report emissions associated with the outsourced activity and remove these emissions from their emissions baseline. The subcontracted entity, if it voluntarily chooses to participate in the Registry shall report emissions associated with the outsourced activities it has taken over. Participants shall attest at least once each year that the entity has not outsourced any emissions or if it has, that all emissions associated with the outsourced activity have been reported and subtracted from the entity's baseline emissions.

What do you believe would be useful guidance on "materiality" in relation to changes resulting for outsourcing activities or services?

Do you believe that insourcing should be treated in the same way as outsourcing for baseline adjustments?

To prevent changes in vertical integration within corporations from leading to apparent emissions reductions when in fact no reductions have occurred, the Registry shall treat mergers, acquisitions, and divestitures as follows: (A) The emissions baselines of any merged or acquired entity shall be added together, and the Registry shall treat the resulting entity as if it had been one corporation from the beginning. (B) In divestitures, the emission baselines of the affected corporations shall be split, with the

effect that the Registry shall treat them as if they had been separate corporations from the beginning. If the divested corporation is purchased by another firm, the Registry shall treat that purchase as a merger with the purchasing corporation. If the divested corporation remains a separate entity after the divestiture, its Registry baseline shall reflect the emissions associated with the entity's operations before the divestiture. Corporations that divest operations may allocate certified emissions results achieved before the divestiture among the divesting and the divested entities, and the Registry shall adjust their baselines accordingly. (C) Any adjustments for changes in vertical integration shall be verified in the annual emissions certifications required for recordation of emissions results. If a participant changes from statewide to national reporting under this program, changes to its baseline will be treated in a similar manner as changes in vertical integration.

What do you believe would be useful "materiality guidance" on when it is appropriate to adjust for a merger/acquisition? What are some of the issues associated with dynamic baseline adjustments (e.g., what about multiple small acquisitions/divestitures that are not individually material but collectively could result in a material mis-statement of emissions performance)?

How do you believe acquisitions of companies that came into existence after the reporting company has set its baseline should be treated? Should these be treated in the same way as structural changes (which do not involve additional GHG emissions - simply a transfer of ownership) or treated as organic growth (new emission) and therefore no adjustment?

### **Calculation & reporting tools**

The Registry will provide participants an opportunity to register GHG emissions information in a consistent format using publicly reviewed and adopted procedures and protocols.

The Registry shall adopt standardized forms that all participants shall use to calculate, report, and certify emissions.

What format do you believe the calculation tools should be provided in (e.g., simple excel spreadsheets that companies can incorporate into their own information management systems or more sophisticated integrated tools)?

Do you believe an integrated tool would be more appropriate for small/medium sized or office-based organizations?

What software considerations, do you believe, should be used to insure easy interface between the Registry and reporting organizations?

### **Technical Assistance Standards**

The Registry shall provide participants with referrals to approved providers for technical assistance and advice.

What screening/criteria/qualifications do you believe the Registry should impose on providers of technical assistance? How should these be reviewed and modified over time?

### **Certification**

The process for certification of emission results will be specified within the procedures and protocols approved for industry-specific emissions inventory reporting and may involve a range of options depending upon the nature of the emissions, complexity of a company's facilities and operations, or both, and the procedures deemed necessary by the Registry board to validate a participant's emissions information.

The Registry will:

- Adopt procedures and protocols for certification of reported baseline emissions and emissions results. When adopting procedures and protocols for the certification, the Registry shall consider the availability and suitability of simplified techniques and tools.
- Qualify third-party organizations that have the capability to certify reported baseline emissions and emission results, and that are capable of certifying the participant-reported results.
- Develop a list of the minimum technical and organizational capabilities and other qualification standards that approved third-party organizations shall meet.

What screening/criteria/qualifications, if any, do you believe the Registry should impose on organizations undertaking certification? How should these be reviewed and modified over time?

What approaches do you believe the Registry should consider for certification that keeps costs down while preserving credibility, and transparency of results?

### **Public Database**

Maintain a record of all certified greenhouse gas emissions baselines and emissions results. Separate records shall be kept for direct and indirect emissions results. The public shall have access to this record, except for any portions of a participant's emissions results that a participant may deem confidential.

What level of detail needs to be reported to the Registry (source type /gas by gas/ site/company, etc.)  
What level of information should be made publicly available?

What implications does the emergence of other state registries have for the design of the California Registry? Can participants register the same emissions in more than one register? What about accounting consistency between registries?

Is there useful data that the Registry can provide participants such as "average industry efficiency per unit" information or sector reduction trends?